

Pre-Budget 2023-24 submission

27 January 2023

The Australian Technology Network of Universities (ATN) welcomes the opportunity to contribute to the Albanese Government's 2023-24 Budget.

The Albanese Government is already making headway on landmark reform processes. The Universities Accord, Employment White Paper and migration reform will fundamentally shape the future of jobs, skills and the workforce in Australia. ATN is deeply engaged with developing these important Government initiatives.

It is important that those reforms are allowed to take their full course and develop recommendations that focus on the medium and long term – ATN fully supports this approach. These processes, like the Universities Accord, must be adequately resourced for them to fulfill their grand scopes and ambitions.

The Government can take action now on addressing short term and interim issues with the Australian post-18 education system, economy and workforce without prejudicing those reforms. This is needed to ensure that our higher education system has the stability and sustainability we need while undertaking these important reforms.

Recommendations

ATN makes nine recommendations to address current and immediate national priorities under three core functions of universities:

Teaching and learning

1. Encourage study in national priorities
2. Support students to make the most of university
3. Make work-integrated learning the norm

Research and innovation

4. Enable universities to be research intensive and diverse
5. Value community and industry engagement
6. Enable Government and business investment in universities

International education

7. Make education and research core to Asia-Pacific development
8. Support a new international education strategy
9. Focus on the international student experience

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Teaching and learning

Recommendation 1: Encourage study in national priorities

Government action required:

- An additional temporary loading for under-funded courses
- Offset cost by repurposing other JRG funding

The current funding arrangements for higher education perversely discourage universities from meeting national priorities and hamper universities' abilities to meet student demand for courses crucial to Australia's future.

The way places are funded means that for every million dollars in our fixed Commonwealth funding, we can enrol 59 engineering and science students or 872 students studying society and culture.¹ This means that the system puts meeting student and national demand for skills in areas like engineering and science at odds with offering opportunities for more students.

Simultaneously, the Job-ready Graduates reform reduced overall funding to teach many courses – for example, funding for engineering and science was reduced by around 16 per cent per student. ATN raised this issue at the time, but the Government presented it as the only alternative to continuing with a funding freeze that was denying students opportunities.

These changes imposed by the previous government mean the system is not set up to deliver the volume and high quality of teaching required for globally recognised qualifications. This occurred despite the intention to encourage students to study in priority fields and increasing demand for these skills at the heart of many of Australia's long-term national priorities, including clean and renewable energy, critical minerals and resources, health and medical technologies, sustainable agriculture and food production and defence capabilities.

While we hope the Universities Accord will result in a complete overhaul of these skewed funding arrangements starting in 2025, we also know that every year is crucial to a strong pipeline of students. That is why we are calling for a one year interim solution to provide students and universities and students stability and relief while we undertake bigger and bolder reforms.

We are calling for a temporary loading in 2024 for affected priority courses to increase the resources available for teaching these courses without constraining universities' capacities to offer extra places. In accordance with ATN principles and the public benefit from wide access to higher education, our solution does not place additional financial burden on students. We also seek to make the most efficient use of existing funding to maximise the benefit of the Government's investment.

¹ Based on the 2023 Commonwealth contribution amounts for funding clusters 1 and 3 (\$1,147 and \$16,969 respectively).

Recommendation 2: Support students to make the most of university

Government action required:

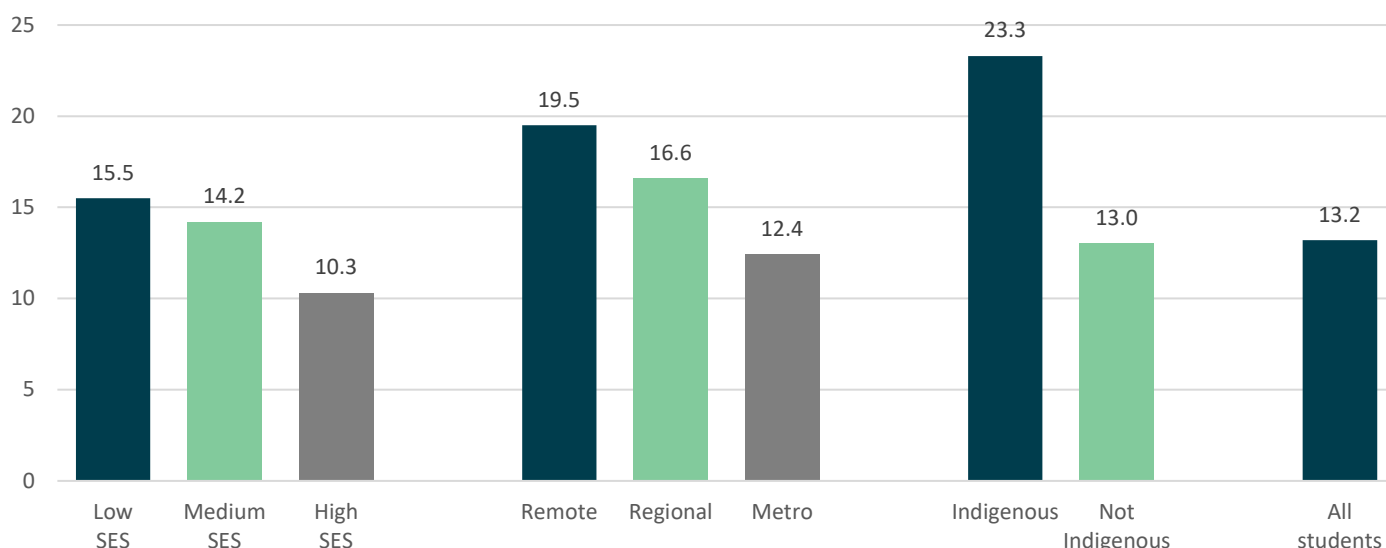
- Targeted support for equity students
- Cost-of-living assistance

Despite some improvements over the decades, it remains a challenge for many students to access higher education. As ATN universities are well aware, these challenges do not stop once students earn and gain entry – attrition rates are higher and retention rates are lower for many important student groups.

Many students face challenges such as personal and family obligations, illness and disability, housing stress, managing work and study, navigating university as a first-in-family student and long commutes to campus. These challenges often coincide and have a compounding effect especially for students that have experience of multiple educational disadvantages.

Australia’s world class income contingent loan system helps make university affordable, but students are still faced with immediate and unavoidable study and living costs that are not covered by the system. Students deserve help to stay at university and make the most of their opportunities – the personal benefits go without saying and the public benefits will be higher productivity, increased participation, increased tax revenues and more effective investment in education.

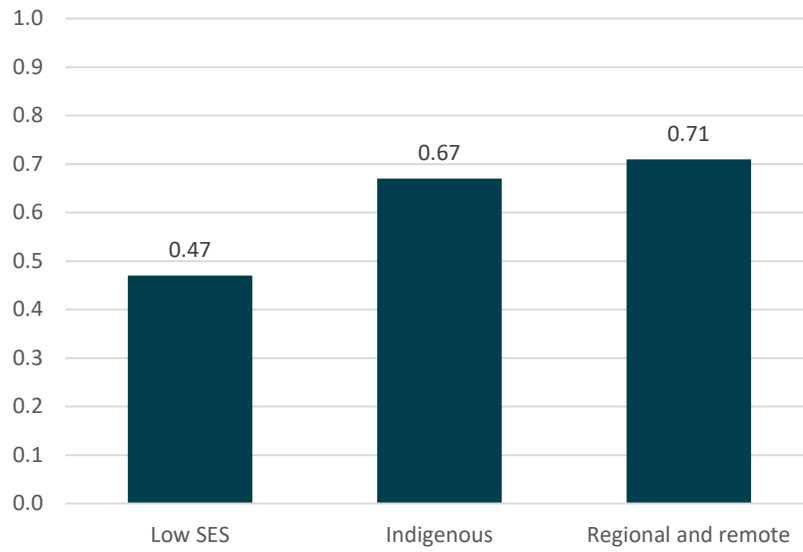
First year bachelor student attrition rate (2019 commencers)



Note: New adjusted attrition rate for Table A and B providers

Source: [Completion Rates of Higher Education Students - Cohort Analysis, 2005-2020](#)

Participation ratio for all providers (2020)



Note: the participation ratio is the participation rate of the group divided by its proportion in the population. If the group is represented in the same proportion in higher education as it is in the population the rate is 1.0.

Source: [Equity Performance Data](#)

Recommendation 3: Make work-integrated learning the norm

Government action required:

- Income assistance during placements
- Support for more placements

Many of the professions that are national priorities and in demand – including teachers, nurses and clinical psychologists – require placements while studying.

This is an important part of their development as professionals and a chance for them to practise and hone their skills, but it also means giving up the opportunity for paid work. This affects disadvantaged students the most while we also need their lived experience of disadvantage in their professional capacity – these students deserve additional support.

The availability of placements is also crucial to supporting more students and graduates in these courses.

The Victorian Government recently announced plans to effectively pay for students undergraduate nursing and midwifery courses in exchange for working in the Victorian public health system.

More than 10,000 students will have the cost of their nursing or midwifery undergraduate studies paid for, while scholarships will be available for thousands more who complete postgraduate studies in areas of need including intensive care, cancer care, paediatrics and nurse practitioner specialities.

All new domestic students enrolling in a professional-entry nursing or midwifery course in 2023 and 2024 will receive a scholarship of up to \$16,500 to cover course costs.

<https://www.premier.vic.gov.au/making-it-free-study-nursing-and-midwifery>

While this sends a strong message to potential nursing students, this has to be backed up by the ability for universities to offer enough places in these courses. One of the limiting factors is the number of placements available within the health system.

The Government should coordinate with state and territory governments and private health providers to boost the number and quality of nursing and midwifery placements. This approach can also be extended to teaching and psychology placements.

Research and innovation

Recommendation 4: Enable universities to be research intensive and diverse

Government action required:

- Recognise diverse sources of income in block grants

Universities are being encouraged to be more diverse in their research partners and outputs. The research block grants that they receive to support that valuable work have not kept pace with the changing research ecosystem. The block grants should reflect the new sources of income that universities are cultivating.

A new Category 5 could be introduced that captures all translational research funding that would include, for example, Trailblazer and Accelerator funding. Category 5 should also include capital raised, other income to support commercialisation and commercialisation returns.

While the basis and quantum of research funding is a matter for the Universities Accord, piloting this approach and encouraging diversity in university research would provide a much needed boost for universities and provide valuable information for the eventual Accord.

Recommendation 5: Value community and industry engagement

Government action required:

- New funding stream specifically for engagement
- Support new models of industry and community engaged researchers

University research capability – both people and infrastructure – should be deployed to situations of national emergency and urgency. These can be acute (e.g. floods and fire), and systemic/chronic (e.g. energy transition).

Universities and Government should not see this as an exceptional situation but as a national responsibility and resource and incentivise it appropriately. We know our researchers want to respond and share their expertise but we have not put in a systemic effort into supporting that mobilisation. Society should know that they can rely on us and we should be able to mobilise quickly and effectively.

In the next decade the world will need landscape intervention at unprecedented levels to achieve carbon emission aspirations. This will be needed to save our environment and biodiversity and to position communities and economies for a constructive and positive future. If we are to put vegetation into our landscapes to close these carbon budgets we must now deploy all our capabilities to make it happen.

In examples like the one above, companies have the resources and will and universities have the knowledge and skills to mobilise in cooperation with industry to change the face to Australia.

Recommendation 6: Enable Government and business investment in universities

Government action required:

- Enable National Reconstruction Fund to invest in universities
- Bridge gaps in the research-commercialisation pipeline

Universities contribute \$13 billion (0.61 per cent of GDP) per year to Australia's expenditure on research and development (R&D) through Government funding, industry engagement and our own revenue (compared with total R&D spend of 1.8 per cent of GDP). For Australia to reach its R&D target of 3.0 per cent of GDP, universities will need to be a major part of the Government's plans.

Developing and diversifying Australia's economy and workforce will require ongoing investment in skills, research and people. Universities that combine excellence in teaching and impact in research with a focus on enterprise are in an ideal position partner with the Government and community. We can develop and make the most of our own skilled workforce, deliver on national priorities, and build our national knowledge and innovation base.

There is a valuable opportunity to align Government, university and industry investment in research and education across a range of programs, innovations, and high-value and strategic industries. This will help to deliver outcomes for Australia in key priorities like healthcare, aged care, childcare, disability care, manufacturing, and cleaner energy.

The Government needs to be ready to capitalise on the success of the Trailblazer Universities Program – both by supporting spinouts and spinoffs from the existing Trailblazers and by creating a new round of Trailblazers. It is in the name that these were meant to be trailblazing universities that spark off more activity and collaboration and they have demonstrated their value so far by getting so much co-funding from industry.

We also need to broaden our commercialisation efforts beyond manufacturing – into non-manufacturing science and technology and humanities, arts and social sciences - that have a significant social and economic impact.

One of the missed opportunities from the previous Government is not taking full advantage of the significant money invested in the Research and Development Tax Incentive and not opening the door for investments in clean energy and sustainable industries. Australia is a nation of small and medium enterprises – 2.2 million SMEs in total – that find it hard to gather enough capital and sufficient cash flow to invest in research and development, but ATN is working hard to engage with businesses of all sizes.

One of the key gaps in the pathway from discovery research (Technology Readiness Level 1) through to full commercial product (TRL 9) is in Levels 4 to 7. These levels come after basic and applied research and proof of concept (TRL 1-3), but before full commercial design and development (TRL 8-9).

This is an inherently risky and often difficult phase of lab testing, prototyping, and getting a pilot working in a real-world environment. Often there is a funding gap between initial research and full commercialisation – we need to fund that prototyping and piloting phase to maintain the pathway to commercialisation.

The pandemic has already been a catalyst for more collaboration among universities, government and industry on research and translation, but there are longer term challenges around research funding and international collaboration.

International education

Recommendation 7: Make education and research core to Asia-Pacific development

Government action required:

- Re-establish AsiaBound or commit to New Colombo Plan
- Launch an Asia-Pacific version of Startup Year

There is an opportunity to build a resilient international education sector by incorporating opportunities to learn and grow through overseas experiences that build on Australia's social enterprise throughout the region either through the New Colombo Plan or a re-established AsiaBound program.

Students are increasingly socially aware and seeking opportunities to pursue social enterprise and maximise their social impact. The success of programs such as AsiaBound and the New Colombo Plan also demonstrates that students are seeking opportunities to learn and grow through overseas experiences.

Setting some mission-oriented goals targeting development and practical assistance in the Pacific and south-east Asia could also be harnessed within the international development policy.

This would build on the Government's \$1.4 billion investment to rebuild Australia's international development program, re-establish Australia as a partner of choice in the region and enhance regional security and cooperation. Supporting the educational and development needs of our partners in the Pacific and south-east Asia is the right way to develop our international education system.

Cross over with Albanese Government policy, Startup Year, could be a useful mechanism to utilise. Startup Year is a new income contingent loan program to support student participation in accelerator programs at Australian higher education providers.

The Startup Year program is intended to build a pool of knowledgeable new entrepreneurs and potential new companies to drive innovation and job creation in Australia and grow much-needed links between higher education providers, industry and the startup community.

Creating an Asia-Pacific version of Startup Year built around mission and community oriented goals would be a great way of harnessing graduates' entrepreneurial and socially aware drives and enhancing engagement with our partners. It would also provide an opportunity for Startup Year students to network and cooperate with each other, in the same way previous mobility programs have harnessed student alumni.

Recommendation 8: Support a new international education strategy

Government action required:

- Re-invigorate Government and sector approach to international education

There has been a substantial shift in the policy, social and economic environment both here in Australia and across the globe since Australia's International Education Strategy 2021-2030 was released.

The Jobs and Skills Summit, Universities Accord and renewed focus on skilled migration have shifted the dial and changed our priorities and opportunities. We are already witnessing substantial changes through measures like extended post-study work rights and improved visa processing.

The beginning of the recovery in our international education sector is underway and it is timely to forge a new consensus and plan for action across the Government, sector and all stakeholders.

There needs to be a whole of Government approach to international education including:

- Jobs and skills policy
- Alignment with foreign policy
- Visa processing
- Migration policy
- International development
- Trade diversification
- Tourism
- Affordable housing.

International students are an important contributor to Australia. They bridge cultures and countries, enrich our experience through cultural exchange, deepen our understanding of our Asia-Pacific neighbours and their rich history, and contribute to the university teaching and learning experience of all students.

Recommendation 9: Focus on the international student experience

Government action required:

- Promoting work experience before and after study
- Simplify visa arrangements

Much has been made of the success of international education as an Australian industry – generating \$40 billion a year pre-pandemic as Australia’s largest services export. While we should celebrate that achievement and work towards rebuilding the industry, we should not lose sight of its greater cultural and social value to both Australians and international students.

A key feature of the Australian education is the experience students have inside and outside the classroom and on and off campus – we can improve these for both Australian and international students. This will be key to attracting students back to Australia to study, work and live – ensuring we are a destination of choice and build our international partnerships and connections.

ATN universities place student experience and engagement with students at the centre of their activities. An important part of this is giving all students the opportunity to gain relevant and meaningful work experience both during and after study. This will better prepare students to make a contribution to the Australian economy and society, utilise their post-study work rights and live in Australia long-term.

Australian and international students benefited from increased regulatory flexibility during the pandemic. Particularly for international students unable to travel to Australia, being allowed to continue studying online from abroad and maintain their personal and social connections with Australia was crucial. Australian universities proved they are capable of maintaining high standards through innovation and adaptation.

This flexibility is key to offering students choice – multiple pathways and ways of learning to suit their needs and circumstances. We encourage flexibility of student choice to allow for online and offshore study options as appropriate. ATN universities offer equivalent courses at many global campuses, including online campuses. With domestic students able to move between on-campus, online and offshore delivery, we should be offering international students the same variety of choices.

ATN has consistently advocated for an effective system that combines part-time work while studying, post-study work rights and permanent migration. We should alleviate the administrative and cost barriers for employers, simplify the sponsorship process and encourage greater use of work-integrated learning options. Creating an effective, tangible and realistic pathway from student to graduate and then to permanent resident will help attract, build and retain talent and meet Australia’s future skills needs.

Further enquiries should be addressed to:

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